

Senate File 306 - Introduced

SENATE FILE 306

BY FEENSTRA

A BILL FOR

1 An Act relating to property taxation by establishing a method
2 for determining property assessment limitations.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 441.21, subsections 4 and 5, Code 2011,
2 are amended to read as follows:

3 4. For valuations established as of January 1, 1979,
4 the percentage of actual value at which agricultural and
5 residential property shall be assessed shall be the quotient
6 of the dividend and divisor as defined in this section. The
7 dividend for each class of property shall be the dividend
8 as determined for each class of property for valuations
9 established as of January 1, 1978, adjusted by the product
10 obtained by multiplying the percentage determined for that
11 year by the amount of any additions or deletions to actual
12 value, excluding those resulting from the revaluation of
13 existing properties, as reported by the assessors on the
14 abstracts of assessment for 1978, plus six percent of the
15 amount so determined. However, ~~if the difference between the~~
16 ~~dividend so determined for either class of property and the~~
17 ~~dividend for that class of property for valuations established~~
18 ~~as of January 1, 1978, adjusted by the product obtained by~~
19 ~~multiplying the percentage determined for that year by the~~
20 ~~amount of any additions or deletions to actual value, excluding~~
21 ~~those resulting from the revaluation of existing properties,~~
22 ~~as reported by the assessors on the abstracts of assessment~~
23 ~~for 1978, is less than six percent, the 1979 dividend for the~~
24 ~~other class of property shall be the dividend as determined for~~
25 ~~that class of property for valuations established as of January~~
26 ~~1, 1978, adjusted by the product obtained by multiplying~~
27 ~~the percentage determined for that year by the amount of~~
28 ~~any additions or deletions to actual value, excluding those~~
29 ~~resulting from the revaluation of existing properties, as~~
30 ~~reported by the assessors on the abstracts of assessment for~~
31 ~~1978, plus a percentage of the amount so determined which is~~
32 ~~equal to the percentage by which the dividend as determined~~
33 ~~for the other class of property for valuations established~~
34 ~~as of January 1, 1978, adjusted by the product obtained by~~
35 ~~multiplying the percentage determined for that year by the~~

~~1 amount of any additions or deletions to actual value, excluding~~
~~2 those resulting from the revaluation of existing properties,~~
~~3 as reported by the assessors on the abstracts of assessment~~
~~4 for 1978, is increased in arriving at the 1979 dividend for~~
~~5 the other class of property. The divisor for each class of~~
6 property shall be the total actual value of all such property
7 in the state in the preceding year, as reported by the
8 assessors on the abstracts of assessment submitted for 1978,
9 plus the amount of value added to said total actual value by
10 the revaluation of existing properties in 1979 as equalized
11 by the director of revenue pursuant to section 441.49. The
12 director shall utilize information reported on abstracts of
13 assessment submitted pursuant to section 441.45 in determining
14 such percentage. For valuations established as of January
15 1, 1980, and each year thereafter, the percentage of actual
16 value as equalized by the director of revenue as provided
17 in section 441.49 at which agricultural and residential
18 property shall be assessed shall be calculated in accordance
19 with the methods provided ~~herein including the limitation of~~
~~20 increases in agricultural and residential assessed values to~~
~~21 the percentage increase of the other class of property if the~~
~~22 other class increases less than the allowable limit adjusted~~
~~23 to include the applicable and current values as equalized by~~
~~24 the director of revenue in this subsection,~~ except that any
25 references to six percent in this subsection shall be four
26 percent. For valuations established for the assessment year
27 beginning January 1, 2012, and each assessment year thereafter,
28 the percentage of actual value as equalized by the director of
29 revenue as provided in section 441.49 at which agricultural
30 and residential property shall be assessed shall be calculated
31 in accordance with the methods provided in this subsection and
32 subsection 5A, except that any references to six percent in
33 this subsection shall be two percent.

34 5. For valuations established as of January 1, 1979,
35 commercial property and industrial property, excluding

1 properties referred to in section 427A.1, subsection 8, shall
2 be assessed as a percentage of the actual value of each class
3 of property. The percentage shall be determined for each
4 class of property by the director of revenue for the state in
5 accordance with the provisions of this section. For valuations
6 established as of January 1, 1979, the percentage shall be
7 the quotient of the dividend and divisor as defined in this
8 section. The dividend for each class of property shall be the
9 total actual valuation for each class of property established
10 for 1978, plus six percent of the amount so determined. The
11 divisor for each class of property shall be the valuation
12 for each class of property established for 1978, as reported
13 by the assessors on the abstracts of assessment for 1978,
14 plus the amount of value added to the total actual value by
15 the revaluation of existing properties in 1979 as equalized
16 by the director of revenue pursuant to section 441.49. For
17 valuations established as of January 1, 1979, property valued
18 by the department of revenue pursuant to chapters 428, 433,
19 437, and 438 shall be considered as one class of property and
20 shall be assessed as a percentage of its actual value. The
21 percentage shall be determined by the director of revenue in
22 accordance with the provisions of this section. For valuations
23 established as of January 1, 1979, the percentage shall be
24 the quotient of the dividend and divisor as defined in this
25 section. The dividend shall be the total actual valuation
26 established for 1978 by the department of revenue, plus ten
27 percent of the amount so determined. The divisor for property
28 valued by the department of revenue pursuant to chapters 428,
29 433, 437, and 438 shall be the valuation established for 1978,
30 plus the amount of value added to the total actual value by
31 the revaluation of the property by the department of revenue
32 as of January 1, 1979. For valuations established as of
33 January 1, 1980, commercial property and industrial property,
34 excluding properties referred to in section 427A.1, subsection
35 8, shall be assessed at a percentage of the actual value of

1 each class of property. The percentage shall be determined
2 for each class of property by the director of revenue for the
3 state in accordance with the provisions of this section. For
4 valuations established as of January 1, 1980, the percentage
5 shall be the quotient of the dividend and divisor as defined in
6 this section. The dividend for each class of property shall
7 be the dividend as determined for each class of property for
8 valuations established as of January 1, 1979, adjusted by the
9 product obtained by multiplying the percentage determined
10 for that year by the amount of any additions or deletions to
11 actual value, excluding those resulting from the revaluation
12 of existing properties, as reported by the assessors on the
13 abstracts of assessment for 1979, plus four percent of the
14 amount so determined. The divisor for each class of property
15 shall be the total actual value of all such property in 1979,
16 as equalized by the director of revenue pursuant to section
17 441.49, plus the amount of value added to the total actual
18 value by the revaluation of existing properties in 1980. The
19 director shall utilize information reported on the abstracts of
20 assessment submitted pursuant to section 441.45 in determining
21 such percentage. For valuations established as of January 1,
22 1980, property valued by the department of revenue pursuant
23 to chapters 428, 433, 437, and 438 shall be assessed at a
24 percentage of its actual value. The percentage shall be
25 determined by the director of revenue in accordance with the
26 provisions of this section. For valuations established as of
27 January 1, 1980, the percentage shall be the quotient of the
28 dividend and divisor as defined in this section. The dividend
29 shall be the total actual valuation established for 1979 by
30 the department of revenue, plus eight percent of the amount so
31 determined. The divisor for property valued by the department
32 of revenue pursuant to chapters 428, 433, 437, and 438 shall
33 be the valuation established for 1979, plus the amount of
34 value added to the total actual value by the revaluation of
35 the property by the department of revenue as of January 1,

1 1980. For valuations established as of January 1, 1981,
2 and each year thereafter, the percentage of actual value as
3 equalized by the director of revenue as provided in section
4 441.49 at which commercial property and industrial property,
5 excluding properties referred to in section 427A.1, subsection
6 8, shall be assessed shall be calculated in accordance with
7 the methods provided ~~herein~~ in this subsection, except that
8 any references to six percent in this subsection shall be four
9 percent. For valuations established as of January 1, 1981,
10 and each year thereafter, the percentage of actual value at
11 which property valued by the department of revenue pursuant
12 to chapters 428, 433, 437, and 438 shall be assessed shall be
13 calculated in accordance with the methods provided herein,
14 except that any references to ten percent in this subsection
15 shall be eight percent. Beginning with valuations established
16 as of January 1, 1979, and each year thereafter, property
17 valued by the department of revenue pursuant to chapter 434
18 shall also be assessed at a percentage of its actual value
19 which percentage shall be equal to the percentage determined
20 by the director of revenue for commercial property, industrial
21 property, or property valued by the department of revenue
22 pursuant to chapters 428, 433, 437, and 438, whichever is
23 lowest. For valuations established for the assessment year
24 beginning January 1, 2012, and each assessment year thereafter,
25 the percentage of actual value as equalized by the director
26 of revenue as provided in section 441.49 at which commercial
27 property, other than new commercial property, and industrial
28 property shall be assessed shall be calculated in accordance
29 with the methods provided in this subsection and subsection 5A,
30 except that any references to six percent in this subsection
31 shall be two percent. For valuations established for the
32 assessment year beginning January 1, 2012, and each assessment
33 year thereafter, the percentage of actual value as equalized
34 by the director of revenue as provided in section 441.49 at
35 which commercial property that is new commercial property

1 shall be assessed shall be sixty percent. For purposes of
2 this section, "new commercial property" means a parcel of real
3 estate containing no existing buildings or structures and upon
4 which the construction of buildings or structures is commenced
5 on or after January 1, 2012, if such property is intended as a
6 place of business where goods, wares, services, or merchandise
7 is stored or offered for sale at wholesale or retail, unless
8 the property is located in an urban renewal area that includes
9 a division of revenue under section 403.19.

10 Sec. 2. Section 441.21, Code 2011, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 5A. Notwithstanding the limitation
13 of increases for agricultural and residential property in
14 subsection 4 and the limitation of increases for commercial
15 property, other than new commercial property, and industrial
16 property in subsection 5, for valuations established for the
17 assessment year beginning January 1, 2012, and each assessment
18 year thereafter, for residential, agricultural, and commercial
19 property, other than new commercial property, the assessed
20 values of these three classes of property shall be limited to
21 the percentage increase of that class of property that is the
22 lowest percentage increase under the allowable limit adjusted
23 to include the applicable and current values as equalized
24 by the director of revenue. The lowest percentage increase
25 determined under this subsection shall also be applied to
26 industrial property in the same manner it is applied to the
27 other three classes of property.

28 Sec. 3. Section 441.21, subsection 8, paragraph b, Code
29 2011, is amended to read as follows:

30 *b.* Notwithstanding paragraph "a", any construction or
31 installation of a solar energy system on property classified
32 as agricultural, residential, commercial, new commercial, or
33 industrial property shall not increase the actual, assessed,
34 and taxable values of the property for five full assessment
35 years.

1 the allowable limit. The bill also provides that the lowest
2 percentage increase shall be applied to industrial property in
3 the same manner that it is applied to the other three classes
4 of property.

5 The bill provides that for valuations established for
6 assessment years beginning on or after January 1, 2012, the
7 percentage of actual value at which new commercial property
8 shall be assessed shall be 60 percent. The bill defines
9 "new commercial property" to mean a parcel of real estate
10 containing no existing buildings or structures and upon which
11 the construction of buildings or structures is commenced on or
12 after January 1, 2012, if such property is intended as a place
13 of business where goods, wares, services, or merchandise is
14 stored or offered for sale at wholesale or retail, unless the
15 property is located in an urban renewal area that includes a
16 division of revenue under Code section 403.19.

17 The bill makes corresponding changes to other provisions in
18 Code section 441.21.